

being the architect of democracy in Mongolia.

Senator HATFIELD and I, and a number of other United States Senators, had the great pleasure and honor of going to Mongolia in August of this year, and frankly we were overwhelmed not only with the friendship extended to us but with the importance of this country, its strategic location in Asia and its friendship toward America.

So we welcome the President of Mongolia and the First Lady, and look forward to many years of friendship with the President and his great country.

[Applause, Senators rising.]

EXTENSION OF MORNING BUSINESS

Mr. HOLLINGS addressed the Chair. The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I ask consent that morning business be extended for another 20 minutes and I be recognized for that period.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. I thank the distinguished Chair.

TREATMENT OF THE DEFICIT

Mr. HOLLINGS. Mr. President, I want to touch on an article in the morning news relative to how we have historically dealt with the problem of budget deficits. But first, let me touch on the point raised by my distinguished colleague from New Hampshire relative to the Congressional Budget Office's scoring of the Republican budget as balanced. I hope everyone within the sound of my ears and the view of this particular C-SPAN coverage will look at the RECORD. Yes, on the day before yesterday, on October 18—and you will find it in your CONGRESSIONAL RECORD at page 15263—a letter was included in the RECORD from the Director of the Congressional Budget Office doing exactly as the distinguished Senator from New Hampshire claimed. CBO said that not only was the GOP budget in balance but that by the year 2002, there would be a \$10 billion surplus.

That was day before yesterday. On yesterday, October 19, if you please, Mr. President, another letter was sent from CBO to Senators CONRAD and DORGAN. I ask unanimous consent at this particular point that the letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CONGRESSIONAL BUDGET OFFICE,
U.S. CONGRESS,
Washington, DC, October 19, 1995.

Hon. KENT CONRAD,
U.S. Senate, Washington, DC.

DEAR SENATOR: Pursuant to Section 205(a) of the budget resolution for fiscal year 1996 (H. Con. Res. 67), the Congressional Budget Office yesterday provided the Chairman of the Senate Budget Committee with a projec-

tion of the budget deficits or surpluses that would result from enactment of the reconciliation legislation submitted to the Budget Committee. As specified in section 205(a), CBO provided projections (using the economic and technical assumptions underlying the budget resolution and assuming the level of discretionary spending specified in that resolution) of the deficit or surplus of the total budget—that is, the deficit or surplus resulting from all budgetary transactions of the federal government, including Social Security and Postal Service spending and receipts that are designated as off-budget transactions. As stated in the letter to Chairman Domenici, CBO projected that there will be a total-budget surplus of \$10 billion in 2002. Excluding an estimated off-budget surplus of \$108 billion in 2002 from the calculation, CBO would project an on-budget deficit of \$98 billion in 2002.

If you wish further details on this projection, we will be pleased to provide them. The staff contact is Jim Horney, who can be reached at 226-2880.

Sincerely,

JUNE E. O'NEILL.

Mr. HOLLINGS. I thank the distinguished Chair. Let me just highlight the pertinent part:

As specified in section 205(a), CBO provided projections on spending specified in that resolution of the deficit or surplus of the total budget, that is, the deficit or surplus resulting from all budgetary transactions of the Federal Government, including Social Security and Postal Service spending and receipts that are designated as off-budget transactions.

As stated in the letter to Chairman Domenici, CBO projected that there will be a total budget surplus of \$10 billion in 2002. Excluding an estimated off-budget surplus of \$108 billion in 2002 from the calculation, CBO would project an on-budget deficit of \$98 billion.

So, unlike 2 days ago, when the CBO scored the GOP budget as having a \$10 billion surplus in the seventh year, yesterday CBO scored it as leaving us with a \$98 billion deficit. It piqued my interest because the CBO used the expression in the letter to Senator CONRAD "including Social Security and Postal Service spending and receipts."

What bothers me about that clause is that, this Senator, along with my distinguished colleague from Pennsylvania, the former Senator John Heinz, co-sponsored an amendment that passed the Congress and was enacted by the President—namely, section 13301 of the Congressional Budget Act, which orders that Social Security funds shall not be used in citing in deficits or surpluses of the Government. That particular section puts Social Security off budget and in trust.

But today we learn that a mistake was made over at CBO. In considering the size of the Social Security surplus in the year 2002, they did not catch the fact that the Finance Committee had banked on a small change in the CPI, otherwise known as the Consumer Price Index. In turn, a reduction in the CPI reduces the amount of cost-of-living adjustments paid to Social Security recipients.

Under the law, this change in Social Security payments does not divert money to lower the deficit or to fund

the general budget. Instead, if you save money in Social Security, the money merely adds to the surpluses in the Social Security trust fund.

Right now, Mr. President, we have a surplus of \$481 billion in Social Security. We have a surplus in Medicare of \$147 billion. And instead of recognizing that fact, we run around knocking over desks to get on TV and carry on about things that will happen 7 years from now for Medicare, 30 years from now with Social Security. What we don't do is to pay attention to the crisis that is happening right this minute.

And that brings me to the morning editorial by our friend, Mr. J. W. Anderson of the editorial staff of the Washington Post.

I ask unanimous consent that the editorial in its entirety, entitled "This Is Leadership?" be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Oct. 20, 1995]

THIS IS LEADERSHIP?—SINCE 1973, THE DEFICIT HAS BEEN CENTRAL TO AMERICAN POLITICS

(By J.W. Anderson)

President Clinton's repudiation of his 1993 tax increase, followed by his ungainly scramble to repudiate the repudiation, has inflicted a severe injury on himself and his party. It becomes increasingly difficult to know exactly what he stands for.

His first budget with its tax increase and its attack on the deficit is arguably the bravest, and certainly the most useful, of his accomplishments as president. Now, alas, he's running after the Republicans' tax-cut bandwagon and throwing the best of his own record into doubt. But it's not unprecedented. President Bush, running for reelection in 1992, repudiated the tax increase that he had accepted in the very constructive budget compromise of 1990.

This country seems to be going through a series of presidencies eroded and diminished by the savage politics of intractable budget quarrels. How long will it continue? It's hard to say. The process has been going on for more than 20 years, and progress has been slow.

The origins of today's budget fights lie in the pivotal year 1973—the year that the great postwar boom ended.

For a quarter of a century, from the late 1940s into the early 1970s, standards of living improved faster than ever before in history. It happened throughout the world, but most spectacularly in the developed industrial democracies. As the long boom continued, governments began to think that they had at last solved the mysteries of economic growth and that they now knew how to keep their economies expanding steadily and rapidly.

The only question was the pleasant one of how best to spend the flood of wealth, private and public, that this boom was generating. Most of the democracies decided to put much of the new revenues into new and expanded social benefits—mainly pensions for the elderly and health care. In those years here in the United States, Medicare and Medicaid were enacted, and Social Security was greatly increased. In Western Europe, where the war years had created a hunger for security beyond anything in the American tradition, this expansion of benefits went much farther.

Then, in 1973, the boom suddenly ended. Economic historians still aren't quite sure